

***GREAT RIVERS ENVIRONMENTAL
LAW CENTER***

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016***

GREAT RIVERS ENVIRONMENTAL LAW CENTER

ST. LOUIS, MISSOURI

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INDEPENDENT AUDITORS' REPORT



Board of Directors
Great Rivers Environmental Law Center

We have audited the accompanying statement of financial position of Great Rivers Environmental Law Center (a not-for-profit organization), as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Rivers Environmental Law Center as of December 31, 2016, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Botz Deal & Company
January 31, 2017

GREAT RIVERS ENVIRONMENTAL LAW CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$	420,166
Accounts receivable		9,322
Pledges receivable		3,167
Prepaid expenses		3,419
TOTAL CURRENT ASSETS		436,074

FIXED ASSETS

Equipment		9,815
Less: accumulated depreciation		4,416
NET FIXED ASSETS		5,399

TOTAL ASSETS	\$	441,473
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	757
Accrued expenses:		
Retirement plan		8,883
Vacations		20,941
TOTAL CURRENT LIABILITIES		30,581

NET ASSETS

Unrestricted:		
Undesignated		231,330
Board designated - operating reserves		43,994
Temporarily restricted		135,568
TOTAL NET ASSETS		410,892

TOTAL LIABILITIES AND NET ASSETS	\$	441,473
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The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND SUPPORT			
Grant revenue	\$ 37,500	\$ 18,500	\$ 56,000
Contributions	227,699	4,682	232,381
Special events	45,408	-	45,408
Fees from clients	14,467	-	14,467
Court awarded attorney fees	1,500	-	1,500
Miscellaneous	40	-	40
Loss on sale of investments	(1,526)	-	(1,526)
Interest	347	-	347
Net assets released from restriction:			
Time restriction	1,000	(1,000)	-
Purpose restriction	37,938	(37,938)	-
TOTAL REVENUES, GAINS AND SUPPORT	<u>364,373</u>	<u>(15,756)</u>	<u>348,617</u>
EXPENSES			
Program	227,104	-	227,104
Management and general	8,286	-	8,286
Fundraising	91,842	-	91,842
TOTAL EXPENSES	<u>327,232</u>	<u>-</u>	<u>327,232</u>
CHANGE IN NET ASSETS	37,141	(15,756)	21,385
NET ASSETS - BEGINNING OF YEAR	<u>238,183</u>	<u>151,324</u>	<u>389,507</u>
NET ASSETS - END OF YEAR	<u>\$ 275,324</u>	<u>\$ 135,568</u>	<u>\$ 410,892</u>

The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Management And General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries	\$ 155,579	\$ 5,159	\$ 36,323	\$ 197,061
Payroll taxes	12,433	472	2,833	15,738
Accounting	979	37	223	1,239
Bank and credit card charges	61	2	651	714
Case-related costs	6,644	-	-	6,644
Continuing education	482	-	-	482
Depreciation	1,450	55	331	1,836
Dues and memberships	2,985	-	-	2,985
Equipment rental/maintenance	893	34	203	1,130
Information technology	514	20	1,089	1,623
Insurance:				
Directors and officers liability	-	522	-	522
Professional liability	1,525	-	-	1,525
Property and liability	698	26	159	883
Workers compensation	708	27	161	896
Meetings	90	667	638	1,395
Mileage reimbursements	448	-	426	874
Miscellaneous	310	12	557	879
Office supplies	1,091	41	249	1,381
Payroll processing	725	28	165	918
Postage	426	16	3,473	3,915
Printing and copying	425	16	7,470	7,911
Reference materials	2,273	-	849	3,122
Rent	19,028	723	4,335	24,086
Retirement plan contributions	7,427	305	1,150	8,882
Special events	-	-	29,817	29,817
Subscriptions	6,074	-	-	6,074
Telephone	3,251	124	740	4,115
Travel	585	-	-	585
TOTAL	<u>\$ 227,104</u>	<u>\$ 8,286</u>	<u>\$ 91,842</u>	<u>\$ 327,232</u>

The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Public support and donations received	\$ 284,632
Cash paid to suppliers	(323,289)
Miscellaneous income	40
Interest received	347
NET CASH USED BY OPERATING ACTIVITIES	<u>(38,270)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	53,807
Purchase of fixed asset	(3,850)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>49,957</u>

NET INCREASE IN CASH 11,687

CASH - BEGINNING OF YEAR 408,479

CASH - END OF YEAR \$ 420,166

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH USED BY OPERATING ACTIVITIES**

CHANGE IN NET ASSETS	<u>\$ 21,385</u>
 ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:	
Stock donations	(55,331)
Depreciation	1,836
Loss on sale of investments	1,526
(Increase) decrease in assets:	
Accounts receivable	(6,894)
Pledges receivable	(2,167)
Prepaid expenses	2,272
Increase (decrease) in liabilities:	
Accounts payable	(148)
Accrued retirement plan	(2,397)
Accrued vacations	1,648
TOTAL ADJUSTMENTS	<u><u>(59,655)</u></u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u><u>\$ (38,270)</u></u>

The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. DESCRIPTION OF OPERATIONS

Great Rivers Environmental Law Center (the Organization) is a 501(c)(3) not-for-profit law firm whose mission is to provide free and reduced-fee public interest legal services to those who seek to protect the environment and have nowhere else to turn for support and guidance. It exists to help individuals, organizations and citizens' groups protect the public health and promote a sustainable use of natural resources. Efforts are led by a dedicated staff of attorneys with extensive experience in environmental law and litigation. It is supported by a 19-member board of directors with considerable expertise in environmental issues. It also has the volunteer services of 13 attorneys on the Advisory Law Committee who provide assistance to the staff as needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of FASB Accounting Standards Not-For-Profit Entities. Under Codification Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2016, the Organization had \$135,568 of temporarily restricted net assets and no permanently restricted net assets.

Cash - The Organization maintains its cash in accounts at two commercial banks and one brokerage firm. As of December 31, 2016, all balances were insured by the FDIC and SIPC.

Restricted Cash - The Organization maintains a separate non-interest bearing cash account to hold case costs paid in advance by clients. There were no client deposits at December 31, 2016.

Concentration of Revenue - For the year ended December 31, 2016, approximately 44% of the Organization's revenues was received from two donors.

Fixed Assets - Fixed assets are recorded at cost or fair market value at time of donation and depreciated over estimated useful lives as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight-line	3 - 5 years

Acquisitions of property and equipment costing \$1,500 or more and a useful life of more than one year are capitalized. Depreciation expense for the year ended December 31, 2016, was \$1,836.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Investments - The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Statement of Cash Flows - For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The United States Treasury Department has advised that the Organization constitutes a qualified non-profit organization and is, therefore, exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization is not a private foundation.

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management's analysis of time and expense.

3. PLEDGES RECEIVABLE

At December 31, 2016, pledges receivable are expected to be collected in the following periods:

2017	\$	1,000
2018		1,000
2019		1,167
Pledges receivable	\$	<u>3,167</u>

3. **PLEDGES RECEIVABLE** - continued

Generally accepted accounting principles require pledges receivable to be reported at net present value. The difference between future cash flows and net present value is not significant. Management does not deem it necessary to record an allowance for uncollectible pledges.

4. **RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes or periods as of December 31, 2016:

Donor specified case expenses	\$	97,401
Future fiscal years		3,167
Operating reserves		<u>35,000</u>
TOTAL RESTRICTED NET ASSETS	\$	<u>135,568</u>

5. **RETIREMENT PLAN**

The Organization has a retirement plan that provides for an employer contribution of 8% of an eligible employee's compensation. Retirement plan contributions for the year ended December 31, 2016 were \$8,882.

6. **INCOME TAX**

FASB Accounting Standards Codification Topic 740, Income Taxes, provides for the recognition of tax benefits related to uncertain tax positions. For the year ended December 31, 2016, management believes there are no uncertain tax positions. The Organization files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2012 are closed.

7. **INVESTMENTS**

The Organization has a policy to sell donated stock as soon as possible. There were no securities held at December 31, 2016.

8. **OPERATING LEASE**

The organization has a multi-year lease for its office space. The lease term is for five years beginning July 1, 2014. Future payments under this lease are as follows:

2017	\$	24,627
2018		25,168
2019		<u>12,719</u>
TOTAL	\$	<u>62,514</u>

Total rental expense was \$24,086 for the year ended December 31, 2016.

9. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 31, 2017, the date the financial statements were available to be issued.